



September 30, 2009

## International Investment Position (IIP) of India as at the end of June 2009

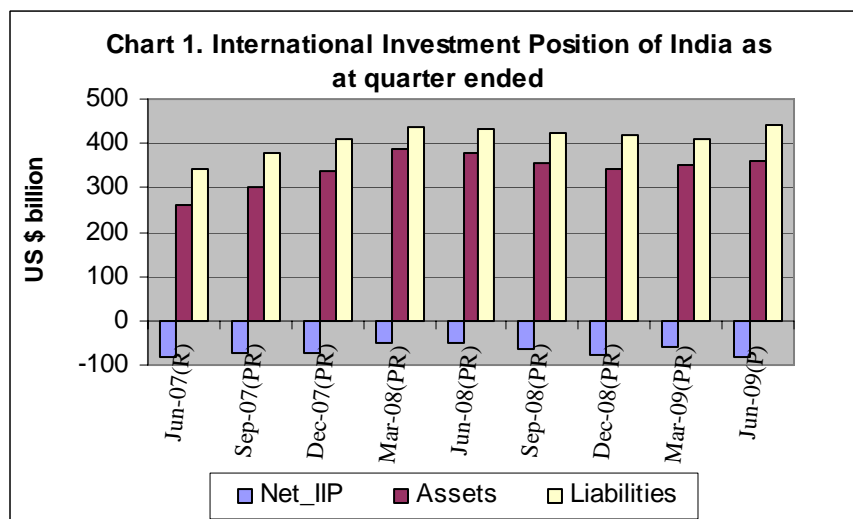
The [international investment position \(IIP\)](#) is a statistical statement that shows at a point in time the value and composition of (a) financial assets of residents of an economy that are claims on nonresidents and gold bullion held as reserve assets; and (b) liabilities of residents of an economy to nonresidents. The difference between an economy's external financial assets and liabilities is the economy's net IIP, which may be positive or negative.

As per the Special Data Dissemination Standard (SDDS) of the International Monetary Fund (IMF), data on IIP are to be disseminated on annual basis (quarterly encouraged) with a time lag of two quarters. In India, since the quarter end-June 2006 onwards, the IIP is being disseminated on quarterly basis with a lag of less than two quarters. The quarterly IIP as at [end-March 2009](#) was released on RBI website on July 21, 2009. With this quarter, efforts have been made to release the quarterly IIP data with a lag of one quarter together with the releases of Balance of Payments and External Debt Statistics data.

Major highlights of quarterly IIP of India as at [end-June 2009](#) are summarized below:

### I. Overall International Investment Position

- ❖ Net claim of non-residents on India as reflected by the net IIP (International Assets – International Liabilities) as at end-June 2009, increased by US\$ 23.1 billion to US\$ 82.5 billion from US\$ 59.4 billion as at end-March 2009 (Table I).



- ❖ The total external financial assets increased by US\$ 10.2 billion to US\$ 360.2 billion as at end-June 2009 over the previous quarter.
- ❖ Among the components of external financial assets, Reserve Assets i.e. official reserves (foreign currency assets, IMF reserve position, SDRs, Gold) improved by US\$ 13.2 billion over the end-March 2009 and stood at US\$ 265.1 billion at

end-June 2009. Direct Investment abroad moved up by US\$ 2.6 billion over the previous quarter to US\$ 69.9 billion as at end-June 2009.

- ❖ Other investment abroad, however, declined by US\$ 5.6 billion to US\$ 24.4 billion as at end-June 2009 mainly due to decline in trade credits and currency & deposits by US\$ 2.7 billion and US\$ 2.2 billion respectively.
- ❖ The Reserve Assets exceeded the total external debt (US\$ 227.7 billion\*) by US\$ 37.4 billion as at end-June 2009.
- ❖ The total external financial liabilities increased significantly by US\$ 33.3 billion over the previous quarter and stood at US\$ 442.7 billion as at end-June 2009. This considerable rise in liabilities was mainly due to inflow on account of direct investment and Portfolio equity investment in India during April - June 2009 and also due to effect of valuation changes.
- ❖ Trade credit liabilities registered a fall of US\$ 3.1 billion to US\$ 39.1 billion as at end-June 2009 over the previous quarter.

**Table I. Overall International Investment Position**

Period	(US \$ billion)								
	Jun.07 (R)	Sep.07 (PR)	Dec. 07 (PR)	Mar.08 (PR)	Jun. 08 (PR)	Sep. 08 (PR)	Dec.08 (PR)	Mar. 09 (PR)	Jun. 09 (P)
<b>Net IIP</b>	<b>-81.1</b>	<b>-74.7</b>	<b>-73.7</b>	<b>-51.4</b>	<b>-51.4</b>	<b>-64.2</b>	<b>-76.6</b>	<b>-59.4</b>	<b>-82.5</b>
<b>A. Assets</b>	<b>263.1</b>	<b>302.8</b>	<b>338.2</b>	<b>385.6</b>	<b>379.1</b>	<b>357.2</b>	<b>341.9</b>	<b>350.0</b>	<b>360.2</b>
1. Direct Investment	35.7	38.3	44.1	49.8	52.7	56.6	62.4	67.3	69.9
2. Portfolio Investment	0.9	0.7	0.7	1.5	1.5	1.5	1.4	0.8	0.8
2.1 Equity Securities	0.6	0.6	0.6	1.4	1.4	1.4	1.4	0.8	0.8
2.2 Debt Securities	0.4	0.2	0.2	0.1	0.1	0.0	0.0	0.0	0.0
3. Other Investment	13.1	16.1	18.1	24.6	12.8	12.8	22.1	29.9	24.4
3.1 Trade Credits	-1.4	1.1	3.3	-0.1	-2.6	-1.4	3.0	6.8	4.1
3.2 Loans	2.5	4.3	3.6	11.6	3.2	2.8	5.6	6.2	5.4
3.3 Currency & Deposits	7.9	6.3	6.7	7.8	5.9	5.0	6.7	10.3	8.1
3.4 Other Assets	4.2	4.4	4.6	5.3	6.2	6.4	6.8	6.6	6.7
4. Reserve Assets	213.4	247.8	275.3	309.7	312.1	286.3	256.0	252.0	265.1
<b>B. Liabilities</b>	<b>344.2</b>	<b>377.5</b>	<b>411.9</b>	<b>437.0</b>	<b>430.5</b>	<b>421.4</b>	<b>418.5</b>	<b>409.4</b>	<b>442.7</b>
1. Direct Investment	89.6	96.7	105.4	118.3	121.9	121.3	122.9	124.8	142.2
2. Portfolio Investment	93.9	108.6	124.8	120.0	108.1	101.8	93.3	84.8	97.7
2.1 Equity Securities	75.3	88.3	103.8	98.6	87.7	80.0	70.8	64.8	77.3
2.2 Debt securities	18.7	20.3	21.0	21.4	20.4	21.8	22.5	20.1	20.3
3. Other Investment	160.7	172.2	181.7	198.7	200.5	198.3	202.3	199.8	202.9
3.1 Trade Credits	29.7	34.3	38.5	44.0	48.2	48.7	44.7	42.2	39.1
3.2 Loans	85.7	90.9	97.3	106.9	106.4	105.9	115.0	114.0	117.0
3.3 Currency & Deposits	43.7	44.8	44.1	44.8	43.6	41.5	41.1	42.3	45.4
3.4 Other Liabilities	1.6	2.1	1.8	3.1	2.4	2.1	1.6	1.3	1.4

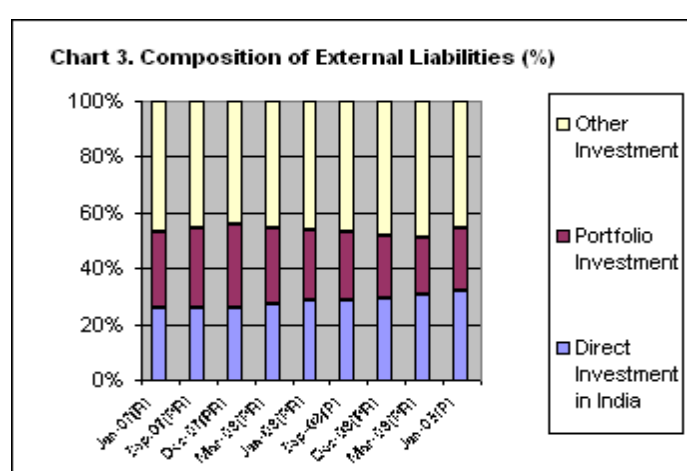
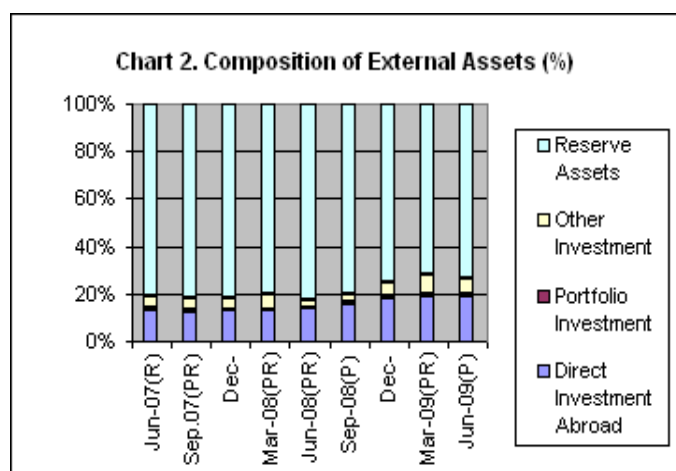
Note- R: Revised; PR: Partially revised; P: Provisional; [figures in the Table have been compiled based on IIP estimates in terms of US \$ Million]

\*As published in External Debt Statistics of India, June 2009, Reserve Bank of India.

## II. Composition of External Financial Assets and Liabilities

- ❖ The share of Reserve Assets in the total external financial assets, increased to 73.6 per cent as at end-June 2009 compared to 72.0 per cent as at end-March 2009. Direct Investment and Other Investment accounted for 19.4 per cent and 6.8 per cent respectively in the total external financial assets (Table II).
- ❖ On the liability side, other investment in India, i.e. trade credits, loans, currency & deposits and other liabilities, accounted for 45.8 per cent of country's external financial liabilities, as at end-June 2009. It was followed by the Direct

Investment and the Portfolio Investment with respective share of 32.1 per cent and 22.1 per cent in the total external financial liabilities.



**Table II. Composition of External Financial Assets and Liabilities**

(per cent)

Period	Jun.07 (R)	Sep.07 (PR)	Dec. 07 (PR)	Mar.08 (PR)	Jun. 08 (PR)	Sep. 08 (PR)	Dec.08 (PR)	Mar. 09 (PR)	Jun. 09 (P)
<b>A. Assets</b>									
1. Direct Investment	13.6	12.6	13.0	12.9	13.9	15.8	18.3	19.2	19.4
2. Portfolio Investment	0.4	0.2	0.2	0.4	0.4	0.4	0.4	0.2	0.2
3. Other Investment	5.0	5.3	5.4	6.4	3.4	3.6	6.5	8.5	6.8
4. Reserve Assets	81.1	81.8	81.4	80.3	82.3	80.2	74.9	72.0	73.6
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>B. Liabilities</b>									
1. Direct Investment	26.0	25.6	25.6	27.1	28.3	28.8	29.4	30.5	32.1
2. Portfolio Investment	27.3	28.8	30.3	27.5	25.1	24.2	22.3	20.7	22.1
3. Other Investment	46.7	45.6	44.1	45.5	46.6	47.1	48.4	48.8	45.8
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Note- R: Revised; PR: Partially revised; P: Provisional; [figures in the Table have been compiled based on IIP estimates in terms of US\$ Million]

### III. External Debt Liabilities vis-à-vis External Non-Debt Liabilities

- ❖ The share of non-debt liabilities to total external financial liabilities increased by 3.3 per cent to 48.4 per cent at end-June 2009 from 45.1 per cent as at end-March 2009, mainly due to increase in inflow of direct investment as well Portfolio equity investment in India (Table III). Accordingly, the share of debt liabilities declined to 51.6 per cent as at end-June 2009.

**Table III. Share of External Debt and Non-Debt Liabilities**

(per cent)

Period	Jun.07 (R)	Sep.07 (PR)	Dec. 07 (PR)	Mar.08 (PR)	Jun. 08 (PR)	Sep. 08 (PR)	Dec.08 (PR)	Mar. 09 (PR)	Jun. 09 (P)
<b>Non-Debt Liabilities</b>	46.8	47.9	49.8	48.6	47.7	46.7	45.1	45.1	48.4
<b>Debt Liabilities</b>	53.2	52.1	50.2	51.4	52.4	53.3	54.9	54.9	51.6
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Note- R: Revised; PR: Partially revised; P: Provisional; [figures in the Table have been compiled based on IIP estimates in terms of US\$ Million]